

ASSEMBLY BILL

No. 975

Introduced by Assembly Member Nunez

February 18, 2005

An act to amend Sections 1623 and 1665 of the Insurance Code, relating to insurance brokers.

LEGISLATIVE COUNSEL'S DIGEST

AB 975, as introduced, Nunez. Insurance brokers.

Existing law defines an insurance broker as a person who transacts, for compensation and on behalf of someone other than an insurer, insurance other than life insurance.

This bill would require an insurance broker to have access to 2 or more insurance markets not under common control and would prohibit an insurance broker from holding himself or herself out as the representative of any insurance company.

Existing law requires a fire and casualty broker-agent to maintain a bond. Existing law sets the amount of the bond at \$10,000.

This bill would increase the amount of the bond to \$25,000.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 1623 of the Insurance Code is amended
- 2 to read:
- 3 1623. An insurance broker is a person who, for compensation
- 4 and on behalf of another person, transacts insurance other than
- 5 life insurance with, but not on behalf of, an insurer. *An insurance*
- 6 *broker must have access to two or more insurance markets not*

1 *under common control. An insurance broker may not hold*
2 *himself or herself out as the representative of any insurance*
3 *company.* Every application for insurance submitted by an
4 insurance broker to an insurer shall show that the person is acting
5 as an insurance broker. If the application shows that the person is
6 acting as an insurance broker and is licensed as an insurance
7 broker in the state in which the application is submitted, it shall
8 be presumed, for licensing purposes only, that the person is
9 acting as an insurance broker. Nothing in this section is intended
10 to affect any rights or remedies otherwise available under the
11 law.

12 SEC. 2. Section 1665 of the Insurance Code is amended to
13 read:

14 1665. The bond of a fire and casualty broker-agent shall be in
15 the amount of ~~ten thousand dollars (\$10,000)~~ *twenty-five*
16 *thousand dollars (\$25,000)*. The bond shall be contingent on the
17 accounting by the fire and casualty broker-agent to any person
18 requesting insurance, for moneys or premiums collected by the
19 fire and casualty broker-agent when acting as a broker for
20 insurance other than life.